



The Commonwealth of Massachusetts

The Alcoholic Beverages Control Commission

Leverett Saltonstall Building, Government Center

100 Cambridge Street, Boston 02202

6

TELEPHONE: 727-3040

ANNUAL REPORT

1982

John P. Larkin, Chairman
Louis A. Cassis, Commissioner
Susan R. Bender, Commissioner
William J. McCarthy, Executive Secretary

June 30, 1982

In accordance with the provisions of Massachusetts General Laws, Chapter 6, Section 44, as amended, this is the Annual Report of the Alcoholic Beverages Control Commission dealing with the conduct and condition of traffic in alcoholic beverages in this Commonwealth for the Fiscal Year, 1982.

The Alcoholic Beverages Control Commission is authorized by Massachusetts General Laws, Chapter 6, Section 43:

"There shall be a commission to be known as the alcoholic beverages control commission, to consist of three members, to be appointed by the Governor. Not more than two members shall be members of the same political party. The Chairman and one Commissioner shall serve terms co-terminous with that of the Governor. One associate commissioner shall serve a four year term as designated by law. The Chairman shall devote his full time during business hours to his official duties..."

and serves within the Executive Office of Consumer Affairs by virtue of Chapter 6A, Section 9 of M.G.L.

The offices of this Commission are located in the Leverett Saltonstall Building, 100 Cambridge Street, 22nd Floor (Rooms 2203 - 2204) in Boston, Massachusetts. This Agency has the complete responsibility of the administration of the business of manufacturing, importing, exporting, storing, transporting and selling alcoholic beverages as defined by M.G.L. Chapter 138, Section 1, and it further supervises the quality, purity and alcoholic content thereof.

The Alcoholic Beverages Control Commission (hereinafter referred to as the ABCC or the Commission), is the sole issuing authority for licenses to manufacturers, (distillers, brewers,

wineries, etc.) wholesalers and importers, railroads, airlines, steamships. It is also the sole issuing authority for permits issued for transportation of alcoholic beverages, express or trucking companies, steamships, railroads and airlines, as well as permits issued to salesmen employed by manufacturers, wholesalers/importers. This Commission further issues permits to transport alcoholic beverages by retailers.

Local Licensing Authorities are the sole issuing authority for licenses to hotels, restaurants, taverns, clubs, and package goods stores. However, no such license may be issued without the approval of this Commissioner.

COMMISSIONERS:

The Alcoholic Beverages Control Commission is composed of a full time Chairman and two Associate Commissioners who set policy, approve applications, hear violations, disputes and appeals from actions of local Boards. Presently the Commission is composed of John P. Larkin, Chairman; Louis A. Cassis and Susan R. Bender - Associatione Commissioners. The Commission sits as a quasi-judicial body hearing appeals, protests, violations and public hearings.

ADMINISTRATION:

The Commission employs an Administrative Staff which oversees the daily operation of the liquor industry in the Commonwealth.

This small staff is responsible for the issuance of over 10,000 permits and licenses annually. The Commission directly licenses railroads, airlines, ships, manufacturers, wholesalers, importers, brokers of alcoholic beverages and warehousemen. In addition

the Commission is responsible for the issuance of permits authorizing the transportation of alcoholic beverages by manufacturers, wholesalers, importers, express and trucking companies, salesmen and other employees of licensees.

This Commission's Administrative Staff is responsible for the processing of applications for actions at the local level -- (i.e. change of managers; new applications; transfers; pledges of stock and/or licenses; new officers in corporations etc.). During this past Fiscal Year, the Administrative Section has handled 3,089 such transactions. This includes the processing, reviewing for compliance with statutes and regulations; considerable contact with both the licensee and/or his agent and local licensing Boards.

A summary of this particular function follows:

Original license issuances:	476
Transfers of licenses:	821
Transfers of location	129
Changes in described premises, including deletions and extensions:	236
New Managers:	812
Transfers and pledges of stock/licenses:	396
Change in corporate names, including new d/b/a 's:	84
Change in classification of licenses:	49
Disapprovals:	<u>148</u>
TOTALS:	3,089

The Administrative Staff further handles inquiries from Local Boards, the general public, other governmental Agencies, licensees applicants relative to Commission interpretation of Statutes, general questions, procedures and the status of applications. The Commission's Administrative Staff further handles general correspondence and inquiries.

The Administrative Staff has developed and maintained a close working relationship with two other governmental Agencies; Department of Revenue and the Attorney General's Office.

It is imperative that a close working liaison be maintained with the Attorney General Office. This Commission's Decisions are sometimes appealed to Superior Court. As such, the Administrative Staff is responsible for the preparation of Certification of Records, transcripts, etc. to be used by our representative for use in the Courts of Massachusetts.

In 1976 this Agency developed a rapport with the Department of Revenue through which we routinely hold up our approval of applications from Local Boards if outstanding tax obligations are due to the Commonwealth.

This close working relationship has resulted in the collection of \$ 4,586,103.84 since 1976. It is incumbent upon our Administrative Staff to process these request from the Department of Revenue and they routinely handle telephonic communications from irate licensees regarding their tax obligations.

A summation of tax dollars accrued by this joint effort:

Period ending	June 30, 1976	\$ 1,196,000.00
	June 30, 1977	596,944.59
	June 30, 1978	404,436.84
	June 30, 1979	756,130.46
	June 30, 1980	385,246.62
	June 30, 1981	611,789.15
	June 30, 1982	<u>635,556.34</u>
	TOTAL:	\$ 4,586,103.84

INVESTIGATORY:

The Commission employs an Investigatory staff which is responsible for the overall supervision and investigation of the liquor industry in Massachusetts. Their functions include, but are not limited to the inspection and supervision of the 10,280 license holders in Massachusetts. Their functions, more specifically, include interviewing applicants for licenses, conducting investigations into the financial status of new licensees, check of corporate records and police records. Furthermore, they visit proposed licensed premises to determine if such premises comply with the statutes and codes governing same. The Investigatory staff is also responsible for the supervision of wholesalers and importers in this Commonwealth for compliance with applicable statutes.

On a regular basis, licensed establishments are inspected and violations, if any, are brought to the attention of the Commission for further action. The Investigators prepare evidence reports for appearances before the Commission and when warranted before local licensing Boards and the Courts. Investigators are empowered to carry out orders of this Commission, statutes, rules and regulations. On a regular basis they audit licensee's financial records and advise licensees and local Boards on matters of law pertaining to the Liquor Control Act and the Rules and Regulation of the Commission.

VIOLATIONS - APPEALS - PROTESTS

During the Fiscal Year 1982, this Commission held a total of 336 formal hearings. Of this number, 177 were devoted to adjudicating appeals and protests concerning the actions or Decisions of Local Licensing Authorities.

Direct action by this Commission is also an important factor in carrying out its responsibilities to stabilize the liquor industry in Massachusetts and protect the public safety and the interests of the individual.

The Commission is performing its Statutory requirements as evidenced by the fact that 128 of these formal hearings concerned violations of law and regulations that were discovered and documented by its investigating and management staffs. The adjudication of these violations and the publishing of Decisions in the Massachusetts Beverages Journal (a publication not affiliated with the Commission but containing items of interest to the license holders), do correct existing defects and unlawful practices. The liquor industry in Massachusetts is a very tightly knit organization and word of our Decisions and policies spread throughout the industry like the proverbial wild fire. This Agency gives notice to the Liquor Industry both wholesalers and retailers alike of both the necessity and the wisdom of complying with all the laws and regulations governing the beverage alcohol industry and also furnishes guidelines as to what must be done to achieve compliance.

FINES IN LIEU OF SUSPENSION:

Under the provisions of Massachusetts General Laws, Chapter 138, Section 23 - paragraph 12, licensees who are found guilty of violations of the Liquor Control Act and/or Rules and Regulations of this Commission, and said violations are found by an Investigator of this Commission, may petition the Commission to offer to pay a fine in lieu of suspension.

A formula for computing said fine is found under the applicable statute and they are processed by our Administrative Staff. The following are the amounts accepted and collected by this Commission since 1976:

FISCAL YEARS:	1976	\$ 69,910.64
	1977	110,987.00
	1978	88,395.00
	1979	91,500.00
	1980	46,760.77
	1981	45,322.97
	1982	<u>51,166.00</u>
	TOTAL	\$504,042.38

In conclusion, the integrity of the Massachusetts Alcoholic Beverages Control Commission is widely know throughout the liquor industry both locally and nationally. We are sought out for advisory opinions form other State Liquor Boards and the industry themselves. We shall continue to exert maximum effort, with the extremely small staff that we have, to efficiently and timely perform our functions and carry out our explicit and implied responsibilities to the people of the Commonwealth of Massachusetts.

STATISTICAL ANALYSIS OF VIOLATIONS

APPEALS AND PROTESTS

<u>HEARINGS</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Appeals	159	234	208	183	173	151	155
Protests	37	23	17	15	22	18	22
Reappeals/Reconsiderations	15	11	7	10	6	8	4
Violations	398	398	152	210	106	128	115
Investigatory Hearings	16	18	16	9	3	4	5
Disputed Liquor Bills	4	5	7	2	3	5	14
Tax Protests	3	12	8	13	10	6	20
Public Hearings					2		1
TOTALS:	632	591	435	442	325	310	336

FINANCIAL STATEMENT

Fiscal Year -- July 1, 1981 and ending June 30, 1982

Manufacturing - Distiller	1 @ \$ 5,000	\$ 5,000.
Manufacturing - Farmer's Winery	4	214.
Wholesaler and Importer (All Alcoholic)	56 @ 5,000	280,000.
Wholesaler and Importer (Wines and Malt)	45 @ 2,500	112,500.
Wholesaler and Importer (Sacramental Wines)	2 @ 1,000	1,000.
Wholesaler and Importer (Sacramental w/privileges)	1 @ 1,500	1,500.
License to sell alcohol, mechanical chemical	3 @ 500	1,500.
Agents, Brokers and Solicitors	69 @ 1,000	69,000.
Railroads	2 @ 100	200.
+ 33 cars	@ 1	33.
Steamship Lines - 31 Vessels	69 @ 100	6,900.
Airlines	18 @ 100	1,800
Flights	297 @ 1	297
Special Permits to Import	337	1,285.
Storage Permits (Annual)	16 @ 500	8,000.
Storage Permits (Seasonal)	1 @ 25	25.
Bonded Warehouse	11 @ 200	2,200.
Warehousemen	19 @ 10	190.
Express or Trucking Co.	247 @ 25	
Vehicles:	381 @ 5	
	5,155 @ 10	59,630.
Railroad to Transport	@ 300	
Steamship to Transport	1 @ 300	300.
Airlines to Transport	2 @ 300	600.
Transportation (Retail)	3,524 @ 10	35,240.
Suplicate	1 @ 3	3.

Salesmen	1,476 @ 15	22,140.
Duplicate	1 @ 3	3.
Certificates of Compliance	210 @ 10	
	157 @ 20	
	426 @ 250	111,740.
Misc. Income		176.
Fines in Lieu of Suspension		51,166.

TOTAL INCOME:

\$ 773,642.

STATEMENT OF APPROPRIATIONS AND EXPENDITURES:

APPROPRIATIONS:

Expenses	\$ 105,832.	
Personnel Services	637,204	\$ 743,036.

EXPENDITURES:

Expenses	\$ 86,290.	
Personnel Services	627,871.	\$ 714,161.
Balance Unexpended - Returned to Treasurer and Receiver General		\$ 28,875.